

## SCHEDA DELL'INSEGNAMENTO DI: **ECONOMICS OF REGULATION**

<b>Corso di studio</b> Economia e Commercio	<b>Titolo insegnamento in inglese</b> Economics of Regulation	<b>Laurea/LM/LMcu</b> LM	<b>A.A.</b> 2017/2018
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<b>SSD</b> SECS P/03	<b>CFU</b> 6	<b>Anno di corso</b> II	<b>Semestre</b> II

Insegnamenti propedeutici previsti: nessuno

### EXPECTED LEARNING OUTCOMES

#### Knowledge and understanding

The course aims to introduce students to the economics of regulation and to the main results of the economic literature on auctions.

#### Knowledge and applied understanding

Students will acquire the ability to analyzing issues of regulation and real-world auction markets, using tools of microeconomic theory.

### PROGRAM

The objectives of this course are to: illustrate the efficiency effects of real and contracting externalities arising because of market power and asymmetric information; present the main economic mechanisms that private and public institutions may adopt to internalize the effects of externalities; analyze the design and functioning of auction markets.

### CONTENTS

The economic theory of regulation. Natural monopolies. Asymmetric information. Market Power. Externalities. Optimal contracts in public procurement. Mechanisms for the regulation of public utilities. Auction mechanisms and bidding strategies. "Revenue Equivalence Theorem". Optimal auction. The effects of risk aversion and asymmetry among bidders. Preventing collusion and encouraging entry. Common-value auctions and the winner's curse. Multi-object auctions. Resale and speculators.

### TEXTBOOKS

Laffont, J.-J. and J. Tirole. "A Theory of Incentives in Procurement and Regulation." MIT Press  
Klemperer, P. "Auctions: Theory and Practice." Princeton University Press  
Krishna, V. "Auction Theory." Academic Press

*Notes will be distributed in class during the course.*

### ASSESSMENT METHOD

#### a) Learning results to be verified:

The exam verifies the knowledge acquired, the ability to solve analytical exercises, and presentation skills.

#### b) Assessment Method

Results will be verified through a written exam and the public presentation of paper.

**In case of a written exam, questions are\*:** ☐ Multiple choices ☒ Open questions ☒ Numerical exercises  
(\* more answers possible)